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THE INTERIM

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The Monthly Report of Legislative Activity

JUN 26 1989

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SPECIAL SESSION CONVENES JUNE 19

Governor's Call Includes Seven Items...Governor Stephens has called the 51st Legislature to convene in special session beginning at 8 a.m. on Monday, June 19, to devise a school funding program to meet the Supreme Court's deadline of July 1 for such a proposal. The Governor's call limited legislative consideration to:

Equalizing school funding as mandated by the ruling of the Montana Supreme Court; establishing and appropriating the ongoing source of funding for public elementary and secondary schools, and making the necessary modifications to Initiative 105.

Addressing matters related to academic and fiscal accountability in Montana's elementary and secondary public education system.

Reducing and reforming Montana's income taxes and property taxes.

Referring constitutional amendments to the people to limit the growth of state spending and to require a vote of the people of Montana on proposed increases in a statewide sales tax; amending current statutes to allow placement of these and other issues on the ballot in 1989.

Addressing new and ongoing revenue sources to replace part of property taxes in the funding of public elementary and secondary education.

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PERIODICALS

Appropriating and/or authorizing such necessary revenue for public elementary and secondary schools to maintain the elementary and secondary maximum budget schedules as provided in sections 20-9-318, 20-9-319, 20-9-321, and such other applicable statutes for school fiscal year 1989-90 and thereafter.

Addressing the State of Montana's compliance with the United States Supreme Court decision in Davis v. Michigan, 57 L. Week 4389 (March 28, 1989) regarding state taxation of pensions.

PUBLICATION OF THE INTERIM RESUMES

Legislative News Bulletin Available by Subscription ...Publication of The Interim, the review and preview of legislative activities published monthly by the Legislative Council, resumes with this issue. The purpose of the publication is to inform legislators, government officials, and interested citizens of the activities of legislative committees and agencies and to provide advance notice of those activities when the Legislature is not in session. The publication schedule calls for The Interim to be delivered to subscribers on or before the first Monday of each month through December 1990, except July 1989, when there will be no publication because of the special session planned in June. You may renew your subscription or enter a new subscription by writing the Legislative Council at Room 138, State Capitol, Helena MT 59620 or by calling (406) 444-3064. Subscription price will be $17 for 18 issues on orders received before June 2, 1989. Subscriptions entered after that date will be charged at the rate of $1 for each issue received.

LEGISLATIVE COUNCIL

Two Meetings Conducted...The Legislative Council has met twice since the conclusion of the regular session. At the first meeting, Rep. Ralph Eudaily was selected to chair the Council for the 1989-90 interim. The Senate Dean, Sen. Paul Boylan, was selected vice chair. Other actions in the two meetings:

Delegates and alternates to NCSL and CSG committees were appointed:

CSG:

Economic Development and International Trade, Rep. Mercer (Sen. Jacobson)
Health and Education, Rep. Eudaily (Sen. Regan)
Resource Management, Sen. Gage and Rep. Swift (Rep. Harper and Sen. Weeding)
Water Policy, Sen. Galt and Sen. Yellowtail (Rep. Spaeth, Rep. Swysgood)

NCSL:

Agriculture, Food Policy, and Rural Development, Sen. Aklestad (Rep. Koehnke)
Commerce, Labor, and Regulation, Rep. Menahan (Sen. Thayer)
Education, Sen. Lynch, (Rep. Phillips)
Energy (Delegate designated by the Legislative Consumer Committee)
Fiscal Affairs and Oversight, Sen. Boylan (Rep. Rehberg), Staff Delegate Judy Rippingale
Health and Human Services, Rep. Russell (Sen. Hager)
Legislative Organization and Management, Staff Delegate Bob Person

The Council also:

· reaffirmed its policy that the legal services director determine which bills requested for the special session are within the call and draft only those. Appeal of a decision may be made through the leadership;

· recommended that legislators assigned to committees to prepare for the special session receive salary and expenses for attendance at committee business while other legislators may receive expenses only, and appropriations supporting this activity will be proposed in the special session feed bill;

· set prices for post session publications, the Montana Code Annotated products, and special session proceedings; and persons interested in the price of particular products may contact the Council office;

· authorized staff to offer, by comparison to other special

sessions, an expanded information service during special session including the operation of one incoming toll-free telephone line.

LEGISLATIVE COUNCIL LEGAL DIVISION

Codification...The legal division is completing preliminary codification of all legislation enacted during the 1989 legislature regular session. The data base for the MCA must be completed prior to the special session to allow bill drafting to be completed. The updated data base is necessary to have the current version of a code section available for amendment. Failure to have the proper version of a section in a bill would lead to technical errors in the code. The legal division and the legislative services division have been working under extremely demanding deadlines to have the data base ready for the special session. If the special session adjourns by July 1, the code commissioner intends to codify the special session material with the 1989 MCA to avoid having to print a special pamphlet of code material affected by the special session. It is the code commissioner's goal to have the MCA available by the Oct. 1 general effective date for legislation.

Bill Drafting...As of 9 a.m. May 30, 43 bill drafting requests had been determined to be within the Governor's call for the special session. The Legislative Council policy is that the preliminary determination of whether a bill drafting request is within the call is made by the legal services division director. If the requesting legislator disputes the legal director's determination, leadership will decide if the request is within the call.

INTERIM STUDY POLL

Adult and Youth Detention Tops Survey Findings...The survey of legislators in regard to interim study preferences failed to reveal overwhelming support for any particular study. Tabulation of poll results, however, indicates that SJR 23 (adult and youth detention), HJR 48 (HRC adoption ruling), and HJR 12 (Motor fuel pricing) are the top three priorities. Ranked from highest to lowest in legislators' preferences are:

SJR 23, provision of adult and youth detention services

HJR 48, implications of human rights commission ruling for adoption services

HJR 12, below-cost motor fuel pricing and franchising practices

HJR 43, concentration of livestock feeding and packing industries

HJR 41, DUI laws and treatment programs

HJR 38, advisability of establishing local court districts

HJR 47, volunteer fire services in Montana .

At its May 19 meeting, the Legislative Council decided to assign top-ranked SJR 23 (provision of adult and youth detention services) to an interim subcommittee and to postpone until after the June special session assignment of any other studies or subcommittees. The Legislative Council emphasized, however, that the assignments would be made following the special session.

The Legislative Council recommended that the membership of the Joint Interim Subcommittee on Detention Services be drawn from the following standing committees: Judiciary; Education; Taxation; Appropriations; Finance and Claims; Human Services and Aging; Public Health, Welfare, and Safety; and Local Government.

ADMINISTRATIVE CODE COMMITTEE

Administrative Code Committee to Meet June 20...Rep. Dorothy Cody, who is likely to be chosen chairwoman of the Administrative Code Committee, has tentatively scheduled the first meeting for 7 p.m. on Tuesday, June 20, in the Legislative Auditor's conference room. The committee will organize itself for this interim and choose a chair and vice-chair. In the only substantive item on the agenda so far, Rep. Cody has requested the Board of Public Education to appear and document fully the fiscal impact of each of the board's recently adopted school accreditation standards, including the fiscal impact of the learner goals adopted and incorporated into the rules by reference. Rep. Cody is also concerned with the rule mandating a gifted and talented children program and has asked the board to explain its authority for and the reasoning behind the rule.

Other members of the committee are Sens. Bob Williams, Eleanor Vaughn, Gene Thayer and Loren Jenkins, and Reps. Budd Gould, Mary Lou Peterson, and Carolyn Squires.

LEGISLATIVE AUDIT COMMITTEE

Audit Reports Reviewed...At its meeting on May 22 and 23, the Legislative Audit Committee reviewed and released:

FINANCIAL-COMPLIANCE AUDITS:

Department of Revenue
Public Employees' Retirement Division
Teachers' Retirement Division
Montana Historical Society
Western Montana College
Judicial Branch
Office of Governor and Lieutenant Governor
Office of the State Auditor
Office of the Secretary of State
Department of Fish, Wildlife, and Parks
Department of Military Affairs

PERFORMANCE AUDITS:

Crime Victims' Compensation Program
Department Print Shops (Limited Scope Performance Audit)

Copies of the reports may be obtained from the Legislative Auditor's Office, Room 135, State Capitol, phone 444-3122.

Next meeting...The committee set its next meeting for June 19, when the following reports are on the agenda:

FINANCIAL-COMPLIANCE AUDITS:

Department of Natural Resources and Conservation
Montana College of Mineral Science & Technology
Eastern Montana College
Department of Institutions
Department of Health

Fire Services Training School
Board of Education
School for the Deaf & Blind

PERFORMANCE AUDIT:

Treasury Bureau, Department of Administration

REVENUE OVERSIGHT COMMITTEE

Meeting June 5 to Begin Interim Activities...The Revenue Oversight Committee met briefly on the 90th day of the regular session to elect Sen. Norman chairman and Representative Good vice chairman and to select Monday, June 5, as the date for its first meeting of the interim. Among subjects to be discussed:

- applicability of gross proceeds or value added tax to Montana's fiscal needs;
- Department of Revenue's proposal in regard to centrally assessed property;
- credits for oil and gas producers under system proposed in SB 203;
- impacts of arbitrator's decision on trending of property valuations as opposed to original cost assessments;
- Department of Revenue's proposed changes in state liquor stores;
- details on the administration's revenue proposals for the June special session.

SENATE SELECT COMMITTEE ON TAXATION

Meeting Planned on June 5...The Senate Select Committee on Taxation will meet on Monday, June 5, in coordination with the meeting of the Revenue Oversight Committee to consider legislative proposals for the June special session. Members of the committee are Sens. Del Gage, chairman, John Harp, Bruce Crippen, Joe Mazurek, Bill Norman, and Dorothy Eck.

JOINT MEETING ON SCHOOL FUNDING, EQUALIZATION

Session Held June 1...A joint meeting of the House Select Committee on Education Funding and the Senate Subcommittee on Equalization was held in Helena June 1 to discuss plans for the special session. Ken Nordtvedt, director of the Department of Revenue, made a presentation on the Governor's proposal to equalize school funding.

COMMITTEE ON INDIAN AFFAIRS

Committee Gains Permanent Status...In the 51st Legislature, HB 54, introduced by Rep. Marian Hanson to continue the Committee on Indian Affairs for this interim, was amended to make the committee a statutory committee. It passed both houses and was signed by the Governor.

Since 1981, each Legislature had authorized the creation of the Committee on Indian Affairs whose duties were to seek input from interested persons on issues pertaining to Indian/non-Indian relations; to hold hearings to promote better understanding between tribes and public agencies; to encourage participation of Indian people in committee deliberations; to act as a liaison between Indians and the legislature; and to encourage cooperation among tribal, state, and local governments.

The committee has successfully proposed legislation of major significance including the State-Tribal Cooperative Agreements Act in 1981, the extension of the Reserved Water Rights Compact Commission in 1985, and the establishment of an Indian child welfare specialist in the Department of Family Services in 1987. In 1988 the committee assisted the Commissioner of Higher Education to receive a grant to design and implement a comprehensive data base and reporting procedures regarding the number and achievement levels of elementary and secondary Indian students in Montana.

Armed with its new permanency, the committee will begin its interim work shortly. The members for 1989-1990 are Senator Del Gage of Cut Bank, Senator Paul Rapp-Svrcek of Thompson Falls, Representative Bob Gervais of Browning, and Representative Clyde Smith of Kalispell.

ENVIRONMENTAL QUALITY COUNCIL

EQC Chooses Officers, Plans Activities...The Environmental Quality Council met May 26 to elect officers, adopt rules of procedure, and approve an interim work plan. Rep. Bob Gilbert is the EQC's chairman, and Sen. Cecil Weeding is the vice-chairman.

Two major topics of interim study by the EQC are the regulation and management of solid waste and protection and management of ground water quality. The Council prioritized these studies in response to SJR 19 and SJR 22. SJR 19 directed the Council to review the effects of solid waste disposal on ground water quality and air quality, including an examination of the effects of proposed federal regulation of landfills, importation of solid waste into Montana, opportunities for waste minimization and recycling, and disposal of infectious waste. SJR 22 called for a review of ground water quality protection programs in Montana and other states, federal ground water quality requirements, and implementation of 1989 legislation addressing agricultural chemicals, ground water monitoring at landfills, underground storage tanks, and use of cyanide by small miners.

Other interim study topics that respond to 1989 legislative directives include reviews of log-scaling practices and the Board of Oil and Gas Conservation's activities in completing its programmatic environmental impact statement on oil and gas drilling and production. Other elements of the 1989-90 work plan include oversight of: 1) forestry best management practices; 2) agency use of new rules implementing the Montana Environmental Policy Act; 3) hazardous waste management; 4) the Clark Fork River Project; and 5) creation of an International Conservation Reserve in the North Fork of the Flathead River drainage.

Meeting Planned in August...The Council will meet in August to begin its review of these study topics and to approve detailed plans for the remainder of its interim work.

WATER POLICY COMMITTEE

Two Major Topics Considered...The Water Policy Committee organized May 25, and Senate President Jack Galt was reelected chairman. Sen. Esther Bengtson was chosen to be vice-chairman. Other committee members are: Sens. Pete Story and Larry Stimatz;

and Reps. Hal Harper, Vernon Westlake, Roger Knapp, and Tom Zook.

The committee considered study options for the 1989-90 interim and chose two major topics as their priorities. First is participation in certain aspects of the study of water leasing encompassed in HB 707. Under provisions of that bill, the Departments of Natural Resources and Conservation and Fish, Wildlife, and Parks are directed to jointly undertake a study, including a pilot leasing program, in consultation with the Water Policy Committee. The Water Policy Committee must then evaluate the department's findings and submit its own report to the 1991 legislature.

Second priority area is broadly organized under the subject of federal-state water relations. This workplan element includes the examination of the negotiation of federal and Indian reserved water rights; development of a legislative strategy for facilitating federally funded water development in Montana, particularly under the Pick-Sloan Missouri Basin water development commitment; examination of federal regulation of hydropower developments; and study of federal reservoir management, including water use/marketing agreements.

The committee will also consider several other statutorily mandated topics, including water development, water data management, water research, and water planning. In addition, the committee will consider groundwater issues, drought mitigation, and irrigation district laws.

Interested persons wishing to be on the committee's mailing list or to receive copies of the committee's workplan should contact the Environmental Quality Council office, which provides staff to the committee.

RECENT PUBLICATIONS

Research Memorandum:

Flat Rate Tax on Individual Income

THE INTERIM CALENDAR

June 1, House Select Committee on Education Funding and Senate Subcommittee on Equalization, Rooms 104 and 108, 1 p.m.
June 2, Consumer Counsel Committee, Room 104
June 5, Revenue Oversight Committee, Room 104, 8 a.m.
June 5, Senate Select Committee on Taxation
June 19, Special Session convenes, 8 a.m.
June 19, Legislative Audit Committee

July 3, Heritage Day holiday
July 4, Independence Day holiday
July 14, Environmental Quality Council, forestry meeting, Room 104, 9 a.m.

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